

003 - AUDITOR-CONTROLLER

Operational Summary

Mission:

To exemplify excellence, service and professionalism in providing accurate, timely, and relevant accounting information and financial services to the County.

Strategic Goals:

- Provide the County with professional accounting services and meet the mandates imposed upon the office.
- Be proactive and service-oriented while increasing accounting support to agencies/departments.
- Develop and maintain an accounting/financial information system that is accessible to managers, provides prompt and accurate information, and is easy to use.
- To increase technology used to leverage scarce staff resources.

Key Outcome Measures:

Performance Measure	FY 99-00 Results	FY 00-01 Target	How are we doing?
TIMELY SUBMISSION OF CLAIMS AND REPORTS TO THE STATE AND FEDERAL GOVERNMENTS. What: Measures compliance with deadlines that assure timely receipt of funds and avoidance of penalties. Why: The amount of revenue associated with these claims is approx. \$800 million.	99% of claims filed for period 7/99-12/99 were on time. None of the reports that were late resulted in monetary penalties, lost interest earnings, or sanctions imposed against the County.	Continue the timely and accurate submission of claims for administering numerous State and Federal programs totaling over \$800 million. Target of 95% compliance.	Exceeded the target of 95% compliance for the period 7/99-12/99.
RESULTS OF BIENNIAL COUNTYWIDE CLIENT SURVEY: 95% SATISFACTION IN ALL PERFORMANCE AREAS. What: Measures client satisfaction with department services and performance. Why: Our goal is to meet or exceed the performance expectations of our clients.	100% of the clients surveyed felt they were Satisfied or Very Satisfied with our overall services. 90% were Satisfied or Very Satisfied with specific performance factors.	Conduct host agency satisfaction surveys for all outstationed County department/agency accounting sections. Also conduct surveys of external clients. Target is 95% satisfaction.	We are following up on the lower ratings and comments received during the County-wide survey in order to further improve the services we provide. Host agency surveys are in process and preliminary results appear favorable. External surveys to be done later in the year.
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): CLEAN AUDIT OPINION. What: Measures the reliability, integrity, and accuracy of information presented in the CAFR. Why: Provides assurance to investors and others. CAFR presents fairly the financial well being of County.	FY 98/99 CAFR received an unqualified Clean opinion.	Receive an unqualified opinion for the FY 99/00 CAFR.	Expect to receive clean opinion for FY 99/00 CAFR. Working on implementing new pronouncements from Government Accounting Standards Board (GASB) to stay in compliance with reporting requirements.

At a Glance:

Total FY 1999-00 Actual Expenditure + Encumbrance:	10,445,892
Total Final FY 2000-01 Budget:	10,591,020
Percent of County General Fund:	0.51%
Total Employees:	390.00

Key Outcome Measures: (Continued)

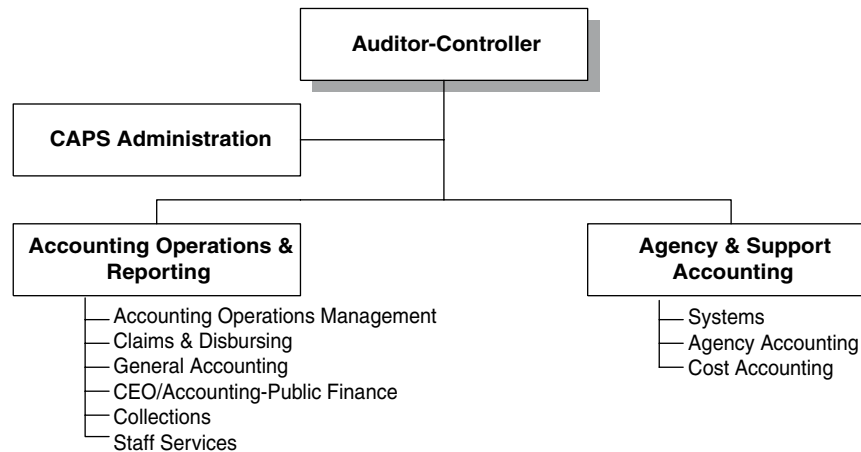
Performance Measure	FY 99-00 Results	FY 00-01 Target	How are we doing?
COMPREHENSIVE ANNUAL FINANCIAL REPORT: GFOA CERTIFICATE What: Measures the quality and usefulness of the information presented in the CAFR. Why: Assures investors and others that the CAFR is of the highest caliber.	Received the Government Financial Officer's Association (GFOA) Certificate for the FY 97/98 CAFR. GFOA is a highly esteemed nationwide organization.	Receive the GFOA Certificate for the FY 98/99 CAFR.	The County of Orange was one of 18 counties in California to receive the GFOA Certificate for the FY 97/98 CAFR. We expect to receive it for FY 98/99 CAFR.
MEET ALL KEY DEADLINES FOR PAYROLL SERVICES. What: Measures ability to meet \$31 million biweekly County payroll. Why: Ensures employees receive accurate, on time pay check & satisfies various employee-labor agreements.	All biweekly payroll deadlines were met. 16,000 County employees who are represented by 46 different employee representation units were paid accurately.	Continue to meet all payroll deadlines.	In spite of the complex terms and conditions required by the various bargaining units that represent County employees, the biweekly payroll deadlines are being met.
MEET ALL KEY DEADLINES FOR PROPERTY TAX SERVICES. What: Measures ability to meet deadlines for computing bills and allocating tax revenues. Why: Provides timely revenue to Orange County taxing agencies who receive funding from tax revenues.	Met all scheduled deadlines. Prepared over 900,000 property tax bills and allocated over \$2.5 billion in revenue to over 180 school, city, redevelopment agencies, and special districts, as well as various County funds.	Continue to meet all deadlines.	The Auditor-Controller is consistently meeting all scheduled deadlines for property tax services.

Fiscal Year 1999-00 Key Project Accomplishments:

- Some of the significant new achievements of the Auditor-Controller Department during the past year includes developing the department's website, developing new applications for the County's Data Warehouse, posting of the County Accounting Procedures on the Data Warehouse, and piloting a "virtual timesheet" system for the County. The Auditor-Controller Department also continues to be successful in carrying out all required ongoing accounting activities. The annual results of some of these ongoing efforts can be summarized as follows:
- Paying over 70,000 vendor claims, totaling more than \$1 billion.
- Processing over 410,000 payroll payments.
- Issuing over 112,000 trust fund payments.
- Processing approximately 625,000 checks which are issued to pay for family support, tax refunds, jury payroll, election payroll, and accounts payable.
- Issuing welfare cash benefits to a caseload averaging approximately 26,000 families, with a dollar value of approximately \$197 million.
- Processing assistance claims resulting in revenues of over \$162 million, and administrative claims generating revenues of over \$212 million, for the Social Services Agency.
- Processing 13,000 journal vouchers and 22,000 deposit orders.
- Processing over 13,000 invoices and collecting over 15,000 payments for amounts owed to the County, resulting in revenues totaling nearly \$197 million during Fiscal Year 1998-99.
- Processing benefits for approximately 20,000 low-income Orange County residents by issuing approximately 45,000 rental assistance checks with a value of approximately \$42 million.
- Preparing the annual State-mandated Road Report, which details the funding sources and uses of approximately \$75 million in road projects throughout the County.

- Processing claims to receive Measure M (half-cent sales tax) funds, resulting in County revenues of \$6.1 million for 1999 to fund road projects.
- Processing \$90 million in accounts receivable billings for IWMD.

Organizational Summary



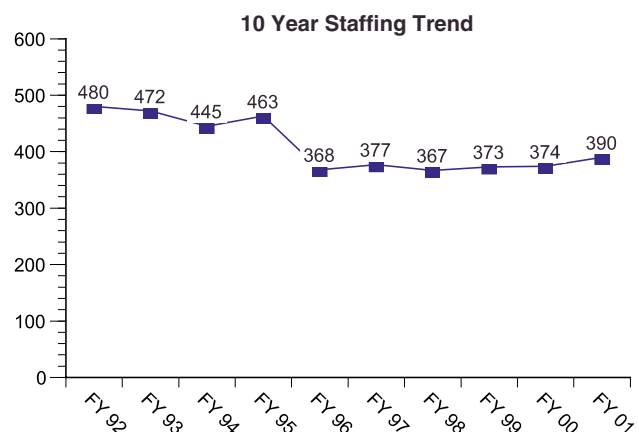
ACCOUNTING OPS AND REPORTING - Provides the core accounting activities required of the Auditor-Controller which benefit the County as a whole. Services provided include apportionment of property taxes for all County tax-receiving agencies, providing payroll and claims processing for the benefit of all County departments, and preparation of the County annual financial statements. This division also includes the administrative support and staff services section which provides central administrative and staff support to the rest of the department.

AGENCY AND SUPPORT ACCOUNTING - Provides out-stationed specialized accounting/financial services to eight other County departments/agencies. This division also contains the Cost Studies and Mandated Audits Section which prepares the County annual Countywide Cost Allocation Plan (CWCAP) that is utilized for cost reimbursement claiming purposes by most County departments, prepares other cost studies, and is responsible for liaison with the Internal Audit Department for the Auditor-Controller audit mandates. The division also contains the Systems Section which is responsible for the implementation, maintenance and upgrade of the County central accounting and financial systems, as well as the development of other accounting-related systems.

CAPS ADMINISTRATION - Provides administrative support for the County Accounting and Payroll System (CAPS). Assigned to the Auditor-Controller but represents the interests of all owner organizations (CEO/CFO, CEO/Human Resources, and Auditor-Controller).

EXECUTIVE MANAGEMENT - Includes Executive management team that provides leadership for the Auditor-Controller department. Coordinates communication throughout the office and training opportunities for the staff.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- FY 94/95 - Added 4 systems positions to work on CAPS. Added 14 positions in outstationed agency units, most in SSA Accounting with no Net County Cost (NCC) effect.
- FY 95/96- Eliminated 15 positions due to transfer of internal audit responsibilities to a new County agency. Eliminated 31 other County General funded positions from Central Operations and 49 positions from outstationed Agency units.
- FY 96/97- Added 4 positions to work on CAPS upgrade (partial restoration of 9 positions eliminated from Systems in 95/96). Added 5 positions to outstationed Agency Accounting with no NCC effect.
- FY 97/98 - Restructure resulted in a net decrease of 10 positions.
- FY 98/99 - Added 6 positions to Agency Accounting with no NCC effect.
- FY 99/00 - Added 1 position in the central office as additional clerical support for purchasing and HR function.
- FY 00/01 - Added 26 positions that were transferred in as part of HCA restructuring with no NCC effect. Added 1 Limited Term position for GASB 34 implementation. Eliminated 10 positions that were transferred to CEO/HR with no NCC effect. Eliminated 1 position from central office.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Although the Auditor-Controller does not have responsibility for a specific priority item, the department budget request reflects support of the overall priorities as follows:

We have stayed within the targeted Net County Cost set forth in the 2000 Strategic Financial Plan while absorbing costs related to a new HR Manager, limited term systems support, and operating expense increases related to insurance programs.

One-time revenue from the Trial Courts is being used for one-time expenses related to technology and efficiency enhancements.

Our request supports implementation of GASB 34 which is requiring the most significant change to governmental financial reporting in recent memory. These changes will impact the way the County financial position is presented and as such, we consider them to be a high priority deserving the attention of the CEO and CFO as well as the Auditor-Controller.

Changes Included in the Recommended Base Budget:

Trial Court Revenues were not included in the 2000 Strategic Financial Plan. Because these revenues are subject to annual agreements with the courts for accounting services, they will be used to support one-time projects rather than our base budget.

Several mid-year budget adjustments have occurred since the 2000 Strategic Financial Plan was prepared: 26 positions were transferred to our budget from HCA, one limited term position was deleted from our Systems Section, and one position was deleted from SSA Accounting.

Consistent with the Strategic Financial Plan, the budget request includes \$340,000 for implementation of GASB 34.

Effective July 1, 2000, one position is being transferred to our budget from CSA to assist with the increased workload from the addition of the Welfare to Work Program in our CSA Special Programs unit. This was not reflected in the Strategic Financial Plan.

Also effective July 1, 2000, 10 positions in our Employee Benefits Accounting unit are being transferred to CEO/HR which decreases our salary and employee benefits appropriations but not our Net County Cost. This was not reflected in the Strategic Financial Plan.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
Accounting Operations and Reporting	Add limited term position for the implementation of GASB 34.	Plan and prepare for the new GASB 34 requirements to ensure a clean audit opinion for the CAFR.	003-001
Amount: \$ 0			

Final Budget and History:

Sources and Uses	FY 1998-99 Actual Exp/Rev ⁽¹⁾	FY 1999-00 Final Budget	FY 1999-00 Actual Exp/Rev ⁽¹⁾	FY 2000-01 Final Budget	Change from FY 99-00 Actual	
					Amount	Percent
Total Positions	N/A	374	N/A	390	390	N/A
Total Revenues	4,360,331	4,050,041	4,637,252	4,784,567	147,315	3.18
Total Requirements	9,387,707	9,551,899	10,263,270	10,591,020	327,750	3.19
Net County Cost	5,027,376	5,501,858	5,626,018	5,806,453	180,435	3.21

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 1999-00 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: AUDITOR-CONTROLLER in the Appendix on page 479.

Highlights of Key Trends:

- The Auditor-Controller workload increases proportionately with the addition and expansion of County programs and with the general growth in the County budget and number of positions. Workload also increases as a result of requests from client departments and agencies for new and enhanced services, and for interfaces with our automated systems.
- Although existing County resources are very limited, the future outlook is that resources will become even scarcer. Since the bankruptcy, the central office accounting functions have lost nearly twenty percent of staff resources. This is exclusive of programmatic changes, such as spinning off Internal Audit as a separate department. Similarly, outstationed accounting units have lost sixteen percent of their staff resources.
- Workload is increasing as the number of County programs expands to support the County growing population. Since the bankruptcy, the number of County positions has nearly grown to pre-bankruptcy levels when adjusted for Court positions. (Even though the Courts are no longer a County agency, the Auditor-Controller continues to perform all the related accounting and payroll services for them.) Fortunately, the gap between resources and workload has narrowed through increases in operating efficiency.
- The Auditor-Controller is attempting to significantly increase operating efficiency to remain effective and provide position back-up for key jobs. This will take a heavy initial investment in technology and the resulting emphasis on technology-related positions.

Budget Units Under Agency Control

No.	Agency Name	Accounting Ops And Reporting	Agency And Support Accounting	Caps Administration	Executive Management	Total
003	Auditor-controller	5,303,793	4,813,966	0	473,261	10,591,020
004	Miscellaneous	86,288,772	0	0	0	86,288,772
14A	Option B Pool Participants Regist Warrants	1,121,020	0	0	0	1,121,020
14C	Class B-27 Registered Warrants	2,002,105	0	0	0	2,002,105
15D	Teeter Plan Taxable Note Repayment	0	0	0	0	0
15Q	Pension Obligation Bond Amortization	50,000,000	0	0	0	50,000,000

Budget Units Under Agency Control

No.	Agency Name	Accounting Ops And Reporting	Agency And Support Accounting	Caps Administration	Executive Management	Total
15W	1996 Recovery Cop Series A	7,490,418	0	0	0	7,490,418
15Y	Sched 1 County-Admin Accounts	2,180,882	0	0	0	2,180,882
15Z	Plan Of Adjustment Available Cash	22,854,340	0	0	0	22,854,340
Total		177,241,330	4,813,966	0	473,261	182,528,557